

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to high movement on Tuesday

**In The News:** Cotton farmers in the state of Punjab and Haryana have decided to shift their crop to paddy and pulses due to extensive damage caused to their crops by whitefly pest. In Haryana, cotton has been sowed in 4.76 lakh hectares till now, as compared to 5 lakh hectares last year during the same period. Similarly, for Punjab, cotton has been sowed in 2.57 lakh hectares till now, as compared to over 3 lakh hectares last year during the same period.

The Telangana government has advised farmers to reduce the cultivation of cotton this season as the producers are not getting remunerative price for the crop. They have been advised to go other crops like pulses and soybean instead of cotton. According to government sources, the area under cotton in 2015 -16 was 17.73 lakh hectares.

The Centre has withdrawn notification on Bt Cotton guidelines issued few days before. It has put the notification in public domain and has invited comments and suggestions from the stakeholders in the industry.

Cotton farmers in Raichur, Karnataka have suffered a loss of Rs.278.72 crore due to failure of Bt Cotton. Bt Cotton was sown in 1.5 lakh acres and the crop has failed in 80% of the area in the previous season.

The Cotton Association of India (CAI) has estimated India's cotton output in 2015 -16 at 341.50 lakh bales (of 170 kg each), around 10.8 per cent lower compared to the previous year's production of 383 lakh bales. The projected balance sheet drawn by the CAI for 2015-16 pegs total supply at 429.10 lakh bales, while domestic consumption is seen at 305 lakh bales, thus leaving an available surplus of 124.10 lakh bales.

India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (16 -22 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.259 lakh bales of cotton from India in the past week (16 -22, May 2016). Other major importers were China, Vietnam, Pakistan and Indonesia and their imported volumes were 0.119 lakh bales, 0.070 lakh bales, 0.057 lakh bales and 0.023 lakh bales respectively.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of April 2016 are estimated at 302.40 lakh bales, lower compared to previous year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

### International Fundamentals:

The Chinese government has started the auction of its huge reserves of cotton this month. Stocks of cotton are expected to decline amid decline in Chinese imports and falling domestic production. The US Department of Agriculture has forecast China's cotton stocks to fall by 6% in 2015-16, to 13.9m tons. As expected, prices have started declining recently with the unloading of stocks.

Cotton gins are declining as Arkansas farmers abandon cotton for more profitable crops. The number of gins in the state has declined from 86 to 26 in the past 15 years according to the Arkansas Democrat-Gazette.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 99.8 million bales, 16 per cent below last season. World ending stocks are now projected at 102.84 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

### Outlook

**We expect domestic prices to remain range bound to firm in the near -term.**

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-17	0	909	909	909	909	0	0	1	0
Apr-17	-6	909	910	901	903	1240	954	2750	115

Spread	Feb-17	Apr-17
Spot	169	--
Feb-17	--	6

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 4:45 pm on 30 May 2016

#### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
<u>May-16</u>	-60	18140	18150	17970	18030	267	50	804	145
<u>June-16</u>	-60	18290	18400	18160	18230	1727	778	6751	-163
<u>July-16</u>	-60	18490	18550	18320	18400	731	-117	3379	-127

Spread	<u>May-16</u>	<u>June-16</u>	<u>July-16</u>
Spot	--		
<u>May-16</u>		-200	
<u>June-16</u>			-170
<u>july-16</u>			

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 4:45 pm on 30 May 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-May-16	30-May-16	
Gujarat	Ahmedabad	Shankar-6	5400	5350	50
	Gondal	Shankar-6	5425	5255	170
	Rajkot	B.T. Cotton	5390	5375	15
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4835	5055	-220
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5350	5100	250
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5410	5400	10
	Fatehabad	B.T. Cotton	5350	5350	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5200	-
Maharashtra	Amravati	Mech-1	5300	5400	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4300	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5559	5479	80
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5350	5430	-80
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-May-16	30-May-16	
Punjab	Bhatinda	J-34	4040	4000	40
	Abohar	J-34	4030	4025	5

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3950	3950	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-May-16	30-May-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	232	566	-334
	Rajkot	B.T. Cotton	701	910	-209
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6	17	-11
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	200	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	170	85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	40	-
<b>Maharashtra</b>	Amravati	Mech-1	1500	1000	500
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	900	100	800
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	120	202	<b>-82</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-May-16	30-May-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	17	34	<b>-17</b>
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-May-16	28-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32800	32800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33300	33300	Unch
J-34(202)	26mm	3.5 - 4.9	23	36700	36200	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36300	35800	500
Shankar-6(105)	29mm	3.5 - 4.9	28	36800	36300	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	38200	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39200	38700	500
DCH-32(107)	34mm	3.0 - 3.8	33	52200	52200	Unch

**Cotton Seed Oil Prices**
**Refined Cotton Seed Oil at Key Centers:**

Centre	Unit	Price		Change
		31-May-16	30-May-16	
Rajkot	Rs. /10 Kg.	655	660	<b>-5</b>
New Delhi	Rs. /10 Kg.	635	635	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	650	650	Unch

**Cotton Seed Oil Seed Cake Prices**
**Cotton Seed Oil Cake Prices at Key Centers:**

Centre	Unit	Price		Change
		31-May-16	30-May-16	
Mahesana (Kadi)	Rs./Qtl	2407	2396	11
Akola	Rs./Qtl	2356	2376	<b>-20</b>

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 31-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12613	38
CCIndex(527)	11618	20
CCIndex(229)	12918	26
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 30-May-2016		
Index	Cents/lb	Change
FC Index (S)	75.99	Unch
FC Index (M)	73.20	Unch
FC Index (L)	70.65	Unch

Cotlook Index: As on 27-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	72.95	1.50

USDA Cotton Spot Rates: As on 27-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.78	68.03	NIL
North Delta	64.53	67.28	NIL
South Delta	64.53	67.28	NIL
East TX-OK	60.50	62.50	821
West Texas	60.50	62.25	1692
Desert SW	61.03	67.03	NIL
SJ Valley	62.28	72.18	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

**ICE Cotton Futures (Prices in cents/lb.): As on 30-May-2016**

Contract	Open	High	Low	Close	Change
<b>Jul-16</b>	64.33	64.59	63.58	64.28	<b>-0.05</b>
<b>Oct-16</b>	64.27	64.37	64.27	64.37	<b>-0.26</b>
<b>Dec-16</b>	63.94	63.98	63.30	63.85	<b>-0.09</b>
<b>Mar-16</b>	64.23	64.23	63.53	64.13	<b>-0.09</b>
<b>May-16</b>	64.37	64.38	63.76	64.38	<b>-0.16</b>
<b>Jul-16</b>	64.61	64.61	63.90	64.57	<b>-0.23</b>

**Pakistan Cotton Spot rates: As on 30-May-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	135	5685
Equivalent	40 Kgs	5948	145	6093

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